



## MEDI-CAL PROGRAM HIGHLIGHTS CALENDAR YEAR 2000

MEDI-CAL REPORT PUBLISHED: FEBRUARY 2002  
Internet Homepage - <http://www.dhs.ca.gov/mcss>

### THE MEDI-CAL PROGRAM

#### A BRIEF SUMMARY OF MAJOR EVENTS

##### INTRODUCTION

The California Medical Assistance Program (Medi-Cal) was established pursuant to Chapter 4, Statutes of 1965, by the Second Extraordinary Session of the California Legislature. The program was enacted to take advantage of federal funds made available by the 1965 Title XIX amendments to the Social Security Act. The stated purpose was to provide "basic and extended health care and related remedial or preventive services to recipients of public assistance and to medically needy aged and other persons, including such related social services as are necessary".

A further intent of the program was that the medical care should be mainstream. Mainstream was defined as comparable to care purchased out of pocket or through private insurance. Prior to Medi-Cal, many public assistance and medically needy persons were forced to rely on charitable institutions, especially county hospitals. These hospitals were generally prohibited by law from accepting paying patients.

The new program also required certain basic services be made available to all beneficiaries. Under the medical programs replaced by Medi-Cal, it was possible to deny medical services to adults in aid to needy children cases, but provide them to other adult beneficiaries.

The new federal law required the State to work towards general improvement in the amount and quality of medical care provided to beneficiaries, improvements in medical social services, and improvements in the organization and delivery of medical care to eligible beneficiaries.

This report is the latest in a report series that tracks key events in the evolution of the Medi-Cal Program. This annual update covers events that affected Medi-Cal in Calendar Year 2001 only. Copies of prior years reports are available upon request.

Please direct inquiries related to data in this report to Mary Cline at (916) 657-2794.

---

Grantland Johnson  
Secretary  
California Health and Human  
Services Agency

Gray Davis  
Governor  
State of California

Diana M. Bontá, R.N., Dr. P.H.  
Director  
Department of Health Services

## **HIGHLIGHTS OF 2000 PROGRAM CHANGES**

The following discusses the major changes in Medi-Cal and related programs during Calendar Year 2000.

### Expansion of 1931(b) to 100% of Poverty, March 2000

The 1999 Budget Act and AB 1107 expanded the 1931(b) Program by revising deprivation based on unemployment to include families with income below 100% of poverty and increasing the 1931(b) income limit to 100% of poverty.

### Out-of-State Aid to the Adoption of Children (AAP), January 2000

SB 1270 (Chapter 887, Statutes of 1999) implements Section 473A of Title IV of the Social Security Act to provide Medi-Cal to children living in California who get aid to the Adoption of Children (AAP) payments from other states, without having to count the income of the adoptive parents.

### EPSDT Audiology and Hearing Aid Services, March 2000

Federal Law covering the provision of Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Audiology and Hearing Aid Services requires that these services not be restricted.

### Pettit v. Bontá, April 2000

The court order in the case Pettit v. Bontá requires the Medi-Cal program to allow persons in licensed board and care residential facilities to apply incurred expenses for personal care services to their share of cost (SOC).

### Working Disabled, April 2000

AB 155, signed by the Governor in 1999, establishes Medi-Cal eligibility for disabled persons who are employed. In order to be eligible they must have income below 250% of poverty and pay a monthly premium of \$20 to \$250, based on income.

### Former Foster Children, October 2000

The Governor's budget and trailer bill include funding and language to implement Section 121 of Public Law 106-196, which allows states to continue Medicaid benefits to foster youth up to 21, even when they are no longer in foster care.

### Reimbursement for Los Angeles County Outpatient, July 2000

Under the terms of the extension of the Los Angeles County Medicaid Demonstration Project, Los Angeles County outpatient sites and their private partner contract clinics will receive Federally Qualified Health Center (FQHC) like cost-based reimbursement for outpatient services rendered to Medi-Cal patients pending their application and approval of FQHC status. Los Angeles County has estimated that the increased cost of payment at the FQHC level will be approximately \$60,000,000 annually.

### Sonography/Abortions, July 2000

The Department intends to allow reimbursement for sonography services prior to all surgical abortions: in the first-trimester to eliminate inadvertent second-trimester cases; in the second-trimester to reduce the incidence of uterine perforation and make the procedure a safer one; and to identify abnormal pregnancies.

### Dental Services Changes, August 2000

The Budget Act of 2000 contains the following funding for Dental Services.

| FY 2000-01                             | Total        | GF           |
|--|--------------|--------------|
| Dental Services rate increase of 6.8%: | \$32,693,000 | \$16,347,000 |
| Addition of two cleanings per year:    | \$27,100,000 | \$13,550,000 |
| Addition of two basic exams per year:  | \$15,700,000 | \$ 7,850,000 |
|  | =====        | =====        |
|  | \$75,493,000 | \$37,747,000 |

### Infliximab, February 2000

Effective February 1, 2000, the Department added the drug Infliximab to be used for patients with Crohn's Disease and Rheumatoid Arthritis when there is an inadequate response to conventional therapy. This drug will be administered in a physician's office and is under prior authorization.

#### Kidney/Pancreas Transplants, July 2000

The Department is adding combined Kidney/Pancreas transplants (Kt/Pt) to the scope of Medi-Cal benefits. Medi-Cal covered approximately 100 kidney transplants (Kt) in 1999. The Department estimates that 10% of these transplants will become Kt/Pt transplants. The Kt/Pt transplant is used to treat patients with kidney failure due primarily to diabetes. Combined Kt/Pt has been shown to protect against the affects of diabetes on the new kidney, thus improving the patient's chances of survival and quality of life.

#### HIV Drug Resistance Testing, October 2000

The Department has developed a policy to add HIV drug resistance testing as a benefit for all beneficiaries with HIV disease. The test will allow providers to determine the sensitivity of resistance of a patient's HIV infection to current anti-retroviral medications. The new drug will provide almost as much savings in reduced numbers of drugs employed and reduced costs of treating regimens that prove ineffective as the projected costs of the drug.

#### Sign Language Interpreters, November 2000

The Budget Act of 2000 provides \$488,000 to reimburse sign language interpreter services for deaf Medi-Cal patients served by small Medi-Cal providers. The Department implemented this program on October 2, 2000.

#### Screening for Childhood Lead Poisoning, October 2000

Beginning October 1, 2000, the Department filed regulations establishing a standard of care on screening for childhood lead poisoning with which physicians, nurse practitioners, and physician's assistants providing care to children between the ages of 12 through 72 months must comply. Adoption of these regulations is expected to increase the number of children receiving lead screening services.

#### Medi-Cal Family Planning Increases, January 2000

The Medi-Cal program was brought into conformity with Family PACT by increasing rates of reimbursement for vasectomies and adding fertility and family planning counseling services as Medi-Cal benefits.

### Home Health Increase, August 2000

The Budget Act of 2000 contains the following rate increases for Home Health Services:

FY 2000-01:

|                   | Increase | Total         | GF           |
|-------------------|----------|---------------|--------------|
| Home Health Care: | 10%      | \$ 2,860,000  | \$ 1,430,000 |
| Shift Nursing:    | 10%      | \$16,846,000  | \$ 8,423,000 |
|                   |          | =====         | =====        |
|                   |          | \$ 19,706,000 | \$ 9,853,000 |

### Physician Services Increase, August 2000

The Budget Act of 2000 contains the following rate increases for Physician Services.

| Physician Service:        | Increase | Total         | GF           |
|---------------------------|----------|---------------|--------------|
| FY 2000-01:               |          |               |              |
| Physician Services:       | 16.7%    | \$137,254,000 | \$68,627,000 |
| CCS Physician Services:   | 33 %     | 15,664,000    | 7,832,000    |
| Comp. Physician Services: | 11 %     | 3,802,000     | 1,901,000    |
| EPSDT Screening Services: | 20 %     | 4,781,000     | 2,390,000    |
| Neonatal Intensive Care:  | 30 %     | 7,733,000     | 3,866,000    |
|                           |          | =====         | =====        |
|                           |          | \$169,234,000 | \$84,616,000 |

### Other Medical Services Increase, August 2000

The Governor's Budget contains the following rate increases for Other Medical Services and Other Services: This Policy Change includes funding for managed care services.

Other Medical Services:

|   | Increase | Amount       | GF           |
|---|----------|--------------|--------------|
| Psychologists Services                    | 30%      | \$ 6,000,000 | \$ 3,000,000 |
| Physical/Occupational/<br>Speech Therapy/ |          |              |              |
| Audiology:                                | 30%      | 5,400,000    | 2,700,000    |
| Respiratory Care:                         | 10%      | 120,000      | 60,000       |
| Chiropractic Care:                        | 130%     | 1,040,000    | 520,000      |
| Mammograms:                               | 54%      | 2,052,000    | 1,026,000    |
| Lab Rate for Pap Smears:                  | 53%      | 5,824,000    | 2,912,000    |

Other Services:

|                                 |      |              |              |
|---------------------------------|------|--------------|--------------|
| Breast Pumps:                   | 250% | \$1,000,000  | 500,000      |
| Milk Bank Providers:            | 20%  | 40,000       | 20,000       |
| Blood Bank Services & Products: | 70%  | 1,260,000    | 630,000      |
| Wheelchair/Litter Van:          | 20%  | 9,200,000    | 4,600,000    |
| Hearing Aids & Dispensing Fee:  | 100% | 5,600,000    | 2,800,000    |
|                                 |      | =====        | =====        |
|                                 |      | \$37,536,000 | \$18,768,000 |

FY 2000-01 Anti-Fraud Expansion, July 2000

Based on additional funding provided in the Governor's Budget, the Department will significantly expand its Provider Anti-Fraud activities in FY 2000-01. A significant number of staff and funding for contracts have been added to Audits and Investigations Division, Payment Systems Division, Medi-Cal Fraud Prevention Bureau, the Office of Legal Services, Field Services, Medi-Cal Benefits Branch and the Managed Care Division to address provider fraud.

ICF Rate Adjustment, July 2000

The ICF rates will be adjusted, effective July 1, 2000, to bring reimbursement to ICF-DD facilities and ICF-DDN facilities with 7-15 beds up to the 65<sup>th</sup> percentile, to adjust the labor index, and take into account additional provider costs. The Department estimates this additional cost to be \$5,900,000 (\$2,980,000 GF). This is a one-time payment, which increases Medi-Cal reimbursements for ICF services to those specific providers (7-15 beds).

FY 2000-01 LTC Rate Adjustment, August 2000

For FY 2000-01 the LTC Rate Adjustment for Nursing Facilities and Intermediate Care Facilities is as follows:

| <u>FY 2000-01</u>     | <u>Adjustment</u> | <u>Total</u>  | <u>General Fund</u> |
|-----------------------|-------------------|---------------|---------------------|
| Nursing Facilities    | 10.1              | \$258,290,000 | \$131,303,000       |
| ICF-DDs               | 8.9               | 26,556,000    | 13,424,000          |
| Managed Care          | 10.1              | 33,431,000    | 16,715,000          |
| Adult Day Health Care | 4.54              | 5,153,000     | 2,577,000           |
|                       |                   | =====         | =====               |
|                       |                   | \$323,430,000 | \$ 164,019,000      |

## NOTES

For additional information about managed care, please refer to our new report entitled "2000 Managed Care Annual Statistical Report", available on the Internet. The Internet Home Page for Medical Care Statistics is <http://www.dhs.ca.gov/mcss>.